

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Navy review
completed.

State Dept. review
completed

Secret

30 April 1971
No. 0368/71

Copy **Nº** **50**

Page Denied

SECRET**CONTENTS***(Information as of noon EDT, 29 April 1971)*

Page

FAR EAST

Indochina: More Fighting Now and More to Come	1
Cambodia: A Case of Political Paralysis	2
Laos: The News Is Not All Bad	3
South Korea: Pak Wins Third Four-Year Term	5

25X1

EUROPE

NATO Allies Probe Detente Prospects	7
Soviet Industry Off to Good Start	9
Close Finnish-Soviet Ties Reaffirmed	10
Bulgaria Stands Pat	10
The Eurodollar Feeds on Itself	12

25X6

25X1

MIDDLE EAST - AFRICA

Indo-Pakistani Relations Deteriorate	13
Pakistan: Foreign Exchange Crisis Deepens	14
Ceylon: Government Prepares for Guerrilla War	15
Egypt: "The Guns Alone Will Not Speak"	16
Jordan: Fedayeen Exodus from Amman	16
Lebanon: New Fedayeen Base of Action?	17
Bahrain: Is Independence Imminent?	18

25X6

WESTERN HEMISPHERE

May Day Is Breaking Out All Over	19
Haiti: President Duvalier Sets His Style	20
OAS Assembly: A Polite Confrontation	21
Argentina: President Lanusse and Juan Peron	22
Chile: Allende Maintains a Fast Pace	23
Cuba: Castro's Solzhenitsyn?	25

25X1

NOTES: USSR; Yugoslavia; Austria; Malta; Ivory Coast; Uganda-Sudan; Guyana; Trinidad; Peru

SECRET

SECRET

FAR EAST

Indochina: *More Fighting Now and More to Come*

As expected, the Communists began a new round of attacks on 25-26 April; major emphasis has been on the northern half of the country. Most of the action has involved shellings, some of which caused heavy material damage at a cost of only a few mortar or rocket rounds. By midweek, the enemy's campaign had wound down without reaching the level of intensity of late March, when the spring campaign began.

Unlike the March actions, the latest enemy effort included no devastating ground attacks similar to the overrunning of the town of Duc Duc and Fire Support Base Mary Ann. There also has been no sustained enemy ground action of the magnitude that occurred in western Kontum Province in early April, although a large number of small ground probes increased casualties on both sides.

Hanoi Looks Ahead, Too

The North Vietnamese may be planning to intensify the war during the next year or so. Some Communist propaganda commentaries in the wake of Lam Son 719 strongly suggest that Hanoi is moving in this direction. Two articles, in particular, stand out because of the lessons they draw from the fighting in Laos. Both make clear that the Communists are to regard the Lam Son 719 action as a victory of strategic importance—a major test in which Vietnamization was tried and found wanting. One article asserts flatly that the battles in Laos showed that the Communists can defeat the allies militarily—a claim that has been rare indeed in the past two years.

Both commentaries stress that in Lam Son 719 the Communists met and defeated their adversaries in a "large, annihilating battle," and they imply that more of this kind of heavy,

concentrated fighting lies ahead. Neither writer claims that the war is to be won by large-unit engagements alone or that a general switch to this type of warfare is feasible or even desirable at the moment. Both authors make clear, however, that such battles are essential components of the struggle, and both convey an impression that for the first time in over two years the Communists believe occasions are coming soon in which they can and should take on South Vietnamese forces much more forcefully.

Mobilization in the North

A continued high rate of military conscription in North Vietnam is another reason to believe Hanoi's war effort is to be increased in the coming months. An upswing in military recruitment may, in fact, be under way in the wake of Lam Son 719. The North Vietnamese press has been filled with articles of the kind noted during past periods of increased inductions into the armed forces. Several accounts have described large numbers of youths "enthusiastically volunteering" for physical examinations and signing up for service.

Many of those now coming into the army clearly are earmarked for front-line duty outside North Vietnam. Most of the press articles are quite explicit that the new soldiers are joining for the purpose of going off to fight the Americans. Indeed, a Radio Hanoi broadcast on 15 March said that a batch of recruits in one of the country's southern provinces is engaged in agriculture "while waiting for the order to set out for the battlefield." Nonetheless, because of training requirements and the conditions of the infiltration trails during the oncoming rainy season, the presence of the bulk of new recruits is unlikely to

SECRET

SECRET

be felt elsewhere in Indochina before the second half of this year, at the earliest.

Politics and Taxes

The Thieu government is still getting considerable criticism over its handling of the economy. Labor unions and employees in the private sector have been complaining ever since President Thieu announced in February that civil servants and the military would be exempted from paying income taxes. Some workers in Saigon staged a one-day sitdown strike last weekend to demand that they, too, be exempted from paying income tax.

Thieu has admitted privately that his action was a political measure to strengthen his support among the bureaucracy and the army—groups which have been hit hard by inflation—in the election next October. He had not anticipated such a strong reaction from the private sector, however. Government ministers recently expressed concern at a cabinet meeting that strikes by private sector employees over the tax issue could attract substantial support.

The income tax has provided only a small percentage of government income in the past, and exempting government employees alone would not have much of an effect on revenues. Domestic tax reform measures had been planned to increase revenues and to distribute the tax burden more evenly, however, and a decision to abolish the tax would be a setback to any movement for reform.

Government officials have met with representatives of the workers and have submitted the issue to the National Assembly. The government reportedly hopes that protests can be calmed and that the passage of tax legislation can be delayed until after the presidential election. If the strikes continue, however, Thieu might again decide that political considerations outweigh economic

factors and adopt measures to conciliate the workers.

Cambodia: A Case of Political Paralysis

The political impasse in Phnom Penh has entered its second week, with no early solution in prospect. At last report Lon Nol's efforts to put together a cabinet acceptable to the contending factions had collapsed. The ailing prime minister evidently has sent a letter to Chief of State Cheng Heng withdrawing his name from contention and, in effect, asking that someone else be tasked with the burden of organizing a new government.

Lon Nol's latest flip-flop followed a meeting with Deputy Prime Minister Matak, whose role in a new government has been the subject of considerable backstage maneuvering. Much of the political betting was on the eventual selection of three deputy prime ministers to direct most—if not all—of the government's responsibilities. Sirik Matak's name has been cited as Lon Nol's likely choice to carry on as the first deputy, but he balked at the prospect of participating in a government with reduced powers. He may also have had apprehensions about Lon Nol's ability to keep his brother Lon Non on a short leash. The latter created a good deal of trouble when Matak was acting prime minister during Lon Nol's absence. Matak may also have had trouble with the idea of working with Son Ngoc Thanh, who was a strong candidate for one of the deputy slots. There evidently is a good deal of bad feeling between the two men, although Thanh has stated that he could work with Matak.

If Lon Nol has indeed bowed out of the picture again, the political initiative once more returns to Cheng Heng, who as chief of state must pick another prime ministerial candidate. Unless a dark horse compromise candidate emerges, Cheng

SECRET

SECRET

Heng's choice would appear to boil down to Matak or Son Ngoc Thanh. The latter apparently sees himself as a potential prime minister, and he is likely to view any high official post as a springboard for the future. His inclusion in the new government would be especially appealing to some political factions, because he has no ties to personalities or policies held over from the Sihanouk era.

Matak is dealing from a fragile power base. He is not especially popular in the country, and he has become something of a symbol of the "old guard" to the students and elements in the National Assembly. He is, however, capable and energetic and has established some rapport with a number of senior military officers. Whether the latter will support Matak in a political showdown is another matter. At Lon Nol's urging, all of the country's top military commanders pledged support to Matak earlier in the week, but that was in circumstances where it looked as if Lon Nol were organizing a government.

Approval of any new government by the legislature may be a difficult and lengthy process. The National Assembly has served notice that both it and the Senate will vote individually on each minister once a proposed cabinet list has been drawn up. It has also decreed that the prime minister-designate must appear personally before it to obtain a vote of confidence before the new government is organized.

On the Military Front

In the southwest, government forces have launched another attempt to clear a short stretch of Route 4, near the Pich Nil pass. This latest phase of the five-week-old operation is being led by Khmer Krom reinforcements. In their first

sharp encounter with the Communists, they reportedly killed 57 of the enemy on 28 April, while sustaining losses of nine killed and 45 wounded.

No significant fighting was reported in eastern Cambodia. The reduction in activity may be due in part to the sagging morale of South Vietnamese troops, who have been kept on the line in this area since their dry-season offensive began in early February.

senior South Vietnamese military officers are concerned over the morale problem and fear that many of the troops would desert if they were rotated to Saigon.

one of the troops' main complaints is their prolonged separation from their families.

Laos: The News Is Not All Bad

Communist forces in the area northeast of Luang Prabang fell back this week as government irregulars reoccupied much of the territory lost in late March. One irregular task force consolidated its hold on the high-ground positions overlooking the Luang Prabang airfield, while a second moved north on Route 4 along the southern bank of the Mekong. A third task force hit elements of the NVA 335th Regiment in the hilly terrain about 12 miles east of the capital, apparently inflicting substantial losses on the enemy. The latter two task forces eventually converged on Pak Suong, at the junction of the Mekong and Nam Suong rivers, reoccupying the King's farm, which had been in enemy hands since 21 March.

The Communists offered relatively little opposition to the government's advance. It is

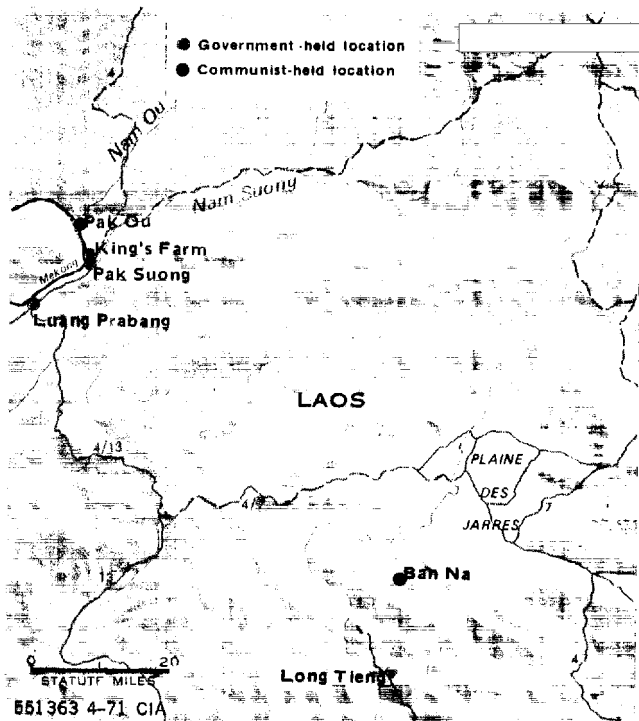
25X1
25X1

25X1

SECRET

SECRET

25X1



possible that their supplies were not adequate for a prolonged fight with the government's expanded force of irregulars, and that the steady air and artillery attacks of the past two weeks had already caused many casualties in North Vietnamese ranks. It is also possible, however, that the Communists had intended all along to pull back at about this time, if pressed, having amply demonstrated the vulnerability of the royal capital.

After a brief pause to regroup, the government plans to extend its clearing operation to

the north, with the immediate objective of retaking Pak Ou at the junction of the Mekong and the Nam Ou rivers. The Nam Ou is the main Communist supply artery into this area. It is possible that the North Vietnamese will choose to make a stand at or near this point, and it is by no means certain that the irregulars—fatigued after a prolonged advance and with their supply lines extended—will be able to maintain their momentum.

Holding at Long Tieng

The situation in General Vang Pao's headquarters area southwest of the Plaine des Jarres remained essentially unchanged during the past week. The government retook some long-contested high ground about four miles northeast of Long Tieng, but neither side made major gains. With the rainy season only a few weeks away, the irregulars' ability to maintain the status quo in this area is an encouraging sign for the government. Earlier this month a rallier's report had indicated that the Communists might attack Long Tieng in force during the first week of May, but so far there are no indications that the enemy is preparing for a major push.

It is too early to tell whether the Communists intend to finish this dry season as they did the last, with one division returning to North Vietnam and the second in place near Long Tieng to keep Vang Pao off the Plaine des Jarres. Elsewhere in Laos the situation remained relatively quiet.

25X1

SECRET

South Korea: *Pak Wins Third Four-Year Term*

President Pak Chong-hui easily defeated his popular opponent Kim Tae-chung by about one million votes in an essentially orderly and violence-free election on 27 April. Kim, a bright young opposition party National Assemblyman and a charismatic public speaker who had attracted overflow crowds during the campaign, was expected to run a close race. As it turned out he only carried Seoul, a traditional opposition stronghold, and his home region, Korea's populous southwestern rice basket.

Pak's victory was due in large part to widespread satisfaction with South Korea's impressive economic development, the administration party's superior organization, particularly in the provinces, and the incumbent's advantage of having a government bureaucracy skilled in delivering the votes to the party in power. Pak's last-minute promise not to run again also probably swayed many voters in his favor.

In any event, there is widespread suspicion of government vote tampering, and the opposition predictably is calling foul, thus raising the prospect of renewed and possibly more violent student protest.

Pak's victory ensures the continuation of strong central leadership emphasizing economic development. The somewhat smaller voter turnout, however (an estimated 80 percent, compared with about 85 percent in the last two presidential elections), suggests a growing weariness with his leadership. Some voters may have chosen to oppose him by abstaining, thereby avoiding the instability they may have feared would follow a change of government. Throughout the campaign the administration encouraged the belief that the military would not accept Kim as president. Pak, in one of his last acts of the campaign, took to the air to decry the opposition's unfitness to govern and ominously warned that "the ruling party for its part is not prepared to turn over power."

With the presidential race over, the administration now faces another political contest on 26 May when elections will be held for an enlarged 204-seat National Assembly. The present 175-member house is controlled by Pak's party, which has 112 seats to the opposition's 42. The majority of the remaining seats are held by politicians friendly to the administration. With the presidency in hand, Pak's party is likely also to maintain control of the legislature because of voter appreciation of the benefits to be derived from support of the ruling party.

SECRET

Page Denied

SECRET

EUROPE

NATO Allies Probe Detente Prospects

Although the prospect for movement toward a conference on European security (CES) remains nil in the absence of a Berlin agreement, many Allies continue to hope that NATO will be able to take a positive stance on detente at the ministerial meeting in June. Italy, for example, has urged that the foreign ministers move the Alliance beyond its past positions on CES and on mutual and balanced force reductions (MBFR), and both Belgian Foreign Minister Harmel and Canadian Minister of External Affairs Sharp apparently share Italy's concern that NATO's position not remain static.

The problem faced by advocates of this position, however, is how to produce a sense of movement without undermining NATO's insistence that a Berlin accord precede preparations for a CES. Although all the Allies favor retention of this precondition, many seem increasingly inclined to drop the secondary NATO prerequisite for a CES—i.e., progress in other "ongoing talks." Paris apparently has convinced Bonn that the second requirement is unnecessary and that its removal might put more pressure on Moscow to make concessions on Berlin.

The West Germans would also like the Allies to seize on the opportunity presented by Brezhnev's and Kosygin's recent references to force reductions to link any eventual CES to progress toward MBFR. Bonn—traditionally a proponent of mutual force reductions—has proposed that the communique in June state that NATO desires multilateral MBFR exploratory talks before or during preparations for a security conference.

Paris, which has remained aloof from NATO work on MBFR because of its "bloc-to-bloc" nature, objects to such direct linkage and would not want MBFR posed as a potential roadblock to a CES. The French recently have become more interested in the subject, however, and it is possible that they would go along with some less specific statement on the CES-MBFR relationship.

It remains unclear what effect CES consultations among members of the European Communities (EC) will have on their position at the NATO ministerial. Although the French in these talks have projected a far less extensive CES preparatory phase than the two-stage approach that the US supports, a French official has recently insisted that Paris too would want CES preparations to provide sufficient opportunity for the West to opt out if no significant East-West agreements appeared in the cards. One official close to the consultations has reported that even though the six foreign ministers will meet prior to the NATO ministerial, the EC members have agreed that any policy statements on CES should come from NATO.

As the ministerial approaches, the Warsaw Pact powers probably will continue their attempts to drum up support for their CES concept. At the Geneva arms control talks, for example, the Poles have stressed the potential importance of Brezhnev's statement on force reductions, and the Soviet delegate has hinted at some further elaboration of Soviet views. There are also signs that the Pact may step up its efforts on behalf of some kind of people-to-people European conference.

25X1

SECRET

Page Denied

SECRET

Soviet Industry Off to Good Start

Soviet civilian industrial production increased by seven percent during the first three months of 1971. Although this increase is somewhat below that of the first quarter of 1970, it matches the respectable gain posted for the year as a whole. The good results may be largely attributed to the substantial addition of new productive capacity during the last part of 1970, to a very mild winter, and to special efforts made "to greet the 24th CPSU Congress in a worthy manner."

Production of each of the three major sectors of civilian industry—industrial materials, machinery, and nondurable consumer goods—grew at somewhat lower rates than registered in the comparable period a year ago. The major slowdown occurred in the industrial materials sector, notably in certain fuels, metals, and construction materials. Chemical output, however, continued to grow at a rapid pace.

Civilian machinery remains the leading sector in terms of growth, but there was a considerable divergence between producer and consumer durables. Production of television sets and washing machines, for example, actually declined by 17 percent from last year. Retail inventories of these goods continue to pile up in the face of buyer resistance to outmoded designs and poor

quality. Prices of unwanted TV sets were slashed last month in an effort to move the glut, estimated to have reached two million sets, an amount equal to nearly two fifths of annual sales.

The consumer nondurable sector registered a mixed performance. The food situation, at least for urban dwellers, appears favorable for the near future. Meat output was up an impressive 20 percent over the same period last year. This increase, however, is more apparent than real because private owners of livestock, under the impetus of favorable prices, are shifting from home slaughtering to selling livestock to the state and then purchasing the processed meat from retail outlets. During the first quarter, the growth in output of soft goods, such as knitwear and leather footwear declined considerably from a year ago.

Industrial support for agriculture remains at the relatively high rates of growth posted in 1970. This is particularly evident in the output of mineral fertilizer, which grew by 17 percent. This rapid increase combined with output from recently completed new capacity should ensure fulfillment of a somewhat ambitious plan for deliveries of mineral fertilizer to farms in 1971. [REDACTED]

25X1

USSR: Soviet naval units are conducting a multi-phase ASW exercise in the Mediterranean. The activity has centered around the helicopter carrier Leningrad and two guided-missile units that left their anchorages on 25 April and have been operating since then in the eastern and central Mediterranean. Two other groups of ships and at least three submarines have been operating north

of Libya. These units, which evidently acted as an attacking force against the Leningrad, have moved eastward in the Mediterranean and may have concluded their part of the exercise. Soviet surface and submarine forces frequently exercise in the central and eastern Mediterranean, and the current operations appear to be a continuation of this training. [REDACTED]

25X1

SECRET

SECRET

Close Finnish-Soviet Ties Reaffirmed

Helsinki has reaffirmed its close economic ties with the USSR in a ten-year treaty on the development of economic, technical, and industrial cooperation. The two countries also signed three protocols governing the supply of Soviet natural gas in exchange for Finnish large-diameter pipe, the construction of a second Soviet-designed nuclear-power plant near Helsinki, and Finnish participation in a forestry complex in Soviet Karelia. Discussions are continuing on other projects in both countries in which the two sides may collaborate.

The terms of the new ten-year treaty are not sufficiently different from those in other existing agreements to have warranted reformulation in a new treaty. The new agreement, however, may have been designed to ease Soviet apprehensions

over future Finnish negotiations with the European Community (EC). Although the Finns have no immediate plans to move beyond reaching a simple commercial agreement with the EC, Soviet acquiescence is necessary before Helsinki can take this action.

As was the case with Finnish membership in the European Free Trade Area, the USSR apparently has recognized that Finland cannot remain isolated if the EC is expanded to include most of Western Europe. The Soviets, however, have committed the Finns in the new treaty "not to apply discriminatory measures in trade and economic relations" with the USSR, which should provide the Soviets with the leverage they presumably want in any Finnish negotiations with the EC.

25X1

Bulgaria Stands Pat

Events at the tenth Bulgarian party congress, which lasted from 20 to 25 April, underscored First Secretary Todor Zhivkov's domination of the party, and the 1,553 delegates roundly endorsed a continuation of his policies.

Zhivkov delivered the opening report and the final invocation. Discussion of his report brought only one alternate politburo member to the podium; no other member of the ruling circle delivered a major speech.

As expected, few significant personnel changes occurred and the ruling politburo was re-elected. Only alternate politburo member Luchezar Avramov, responsible for foreign trade, lost his party position, and he subsequently was removed from his government job also. This was probably because of last year's foreign trade

scandal and Bulgaria's huge trade deficit with the West, built up in part under his tutelage. As a result, the USSR has had to lend Sofia substantial amounts of hard currency.

Despite the retention of the politburo's "old guard" (four of the 11 full members are over 70 years of age), some emphasis on "youth" was evident in the composition of the new 257-member central committee. Thirteen percent of its full and alternate members now are under the age of 40, a significant increase over the five percent at the last party congress in 1966.

A new party program, a new national constitution, and the next five-year plan were approved without meaningful discussion or changes. Even the first secretary's report gave no fresh insights into the significance of the three documents. As

SECRET

SECRET

expected, Zhivkov expressed concern for consumer welfare, and promised wage increases, price stability, and more housing. If there is any substance to his remarks, it was not reflected in the five-year plan.

Zhivkov pledged continuation of Bulgaria's foreign policy, with maintenance of close ties to the USSR given first place. Nevertheless, in line with his policy of improving relations in the Balkans, he made only relatively mild attacks on the Albanians and their Communist Chinese allies. Zhivkov ignored the absence of an official Yugoslav delegation, failed to mention his quarrel with Tito over Macedonia, and assessed relations with Belgrade positively. The congress passed Soviet-style resolutions on the Middle East and Indochina, denouncing US actions there and pledging support of "just" causes.

The congress apparently was also used to launch as a trial balloon a Bulgarian proposal for a multilateral Balkan declaration expressing respect for territorial integrity and renouncing the use of force. Several preprinted foreign-language versions of Zhivkov's speech contained the proposal, but Zhivkov omitted the passage in his speech. The proposal may have been intended to signal a readiness to talk on this basis if any interest were expressed by the affected Balkan capitals.

Overall, the congress was a lackluster, pre-ordained production, even though 89 foreign delegations attended. Brezhnev was the ranking visitor, and other notables included Hungary's Kadar, Poland's Gierek, and East Germany's Honecker, the man most likely to succeed Ulbricht.

25X1

YUGOSLAVIA: The second national conference on self-management will open on 5 May, offering Yugoslavia's leaders the first significant reaction from below to pending political and economic reforms. The delegates will represent the enterprise managements, workers' councils, and local economic administrators who will be most affected by the proposed governmental decentrali-

zation and associated economic policies. Self-management is a firmly rooted feature of the Yugoslav economic system and it is acquiring political importance as well, a trend that is likely to be strengthened at the conference. Attesting to this is the fact that 180 observers, largely trade unionists, from 50 countries have accepted invitations to the conference.

25X1

AUSTRIA: The presidential election victory of Socialist incumbent Franz Jonas on 25 April is being interpreted in Austria as a vote of confidence in Chancellor Kreisky's year-old, minority Socialist government. It has also increased the political clout of Kreisky's threat to call parliamentary elections if Austria's other parties pre-

vent the passage of government-sponsored legislation, such as the controversial army reform bill that comes before parliament later this month. Some Austrian observers expect Kreisky to call elections in any case, perhaps as early as the fall.

25X1

SECRET

MALTA: Parliament was dissolved last week and elections will be set for early June. They are likely to be very close and the winner will probably have a margin of only one or two seats. Prime Minister Borg-Olivier's Nationalist Party will campaign on a platform that emphasizes Malta's political stability and over-all economic growth under Nationalist administration. The

Malta Labor Party and its leader, Dom Mintoff, can be expected to accuse the government of corruption and bureaucratic ineffectiveness and call for Malta to take a neutral stand in the Mediterranean. Labor will also cite Malta's incipient inflation and mounting national debt as products of the Nationalists' financial mismanagement. [REDACTED]

25X1

The Eurodollar Feeds on Itself

Concern by the international financial community over continued dollar flows recently has been heightened by the disclosure that double counting last year greatly exaggerated the dollar holdings of European central banks.

holdings of \$6 billion more than the US Treasury estimated its liabilities to foreign central banks to be. Thus, the Europeans are contributing to the problem of dollar inflows from US payments deficits by "creating" dollars themselves.

The central banks have, to a greater extent than in earlier years, placed their excess dollars in the Eurodollar market either directly, or indirectly through deposits with the Bank for International Settlements in Basle, Switzerland, to obtain an attractive rate of interest on these funds. Many of these dollars are quickly returned again to central banks. European businessmen borrow in the Eurodollar market to avoid domestic anti-inflationary, high-interest rates and convert the dollars to local currency by depositing them in their own commercial banks. These deposits again become central bank reserves when the commercial banks turn the dollars into their central banks. In 1970 such double counting is believed to have resulted in European central bank dollar

Dollar reserves of the European central banks created by double counting are usable in that any one central bank could ask to convert these dollars for US gold. But if several banks attempted simultaneous conversion of large amounts of dollars, the credit-creation process would work in reverse. To avoid what could be a credit collapse it is unlikely that the foreign governments will confront the US with such demands. In the meantime, under the auspices of the Organization for Economic Cooperation and Development, the leading central banks are studying ways to reduce the impact on their economies of dollar double counting and continued dollar inflows estimated at \$5 billion during the first quarter of 1971. [REDACTED]

25X1

SECRET

SECRET

MIDDLE EAST - AFRICA

Indo-Pakistani Relations Deteriorate

Over the past week, Islamabad and New Delhi exchanged charges and countercharges regarding alleged harassment of their diplomatic personnel. The dispute began after a majority of Pakistan's Deputy High Commission in Calcutta defected to the secessionist East Pakistani regime. The defectors, including the deputy high commissioner, continued to occupy their offices in Calcutta in the name of "Bangla Desh."

When a senior Pakistani diplomat from New Delhi was unable to reclaim the mission's property in Calcutta and was the object of a hostile demonstration in that city, Islamabad announced the official closing of the installation effective on 26 April. At the same time, the Pakistanis requested the simultaneous closing of the Indian Deputy High Commission in Dacca. New problems arose, however, over Pakistan's insistence that the personnel of the two missions be repatriated "simultaneously, on a reciprocal basis." It remains uncertain whether this demand implies the forced—if necessary—repatriation of the Pakistani defectors from Calcutta.

Another dispute arose over the means of transporting the Indians from Dacca. The Pakistanis insisted that they fly out to Karachi on Pakistan's airline and then take another international carrier to New Delhi, but the Indians declined. This impasse has led to the virtual internment of the Indian diplomats in Dacca and to an increasingly stringent exchange of restrictions on the official representatives.

The diplomatic imbroglio has been accompanied by press reports of increasingly serious

clashes along the East Pakistan - Indian border. Indian border patrols reportedly fired on Pakistani troops who crossed the border on 27 April in pursuit of East Pakistani rebels. Several Indian civilians were killed in this incident, according to the press, and over a score more died when Pakistani troops raided a village in an Indian enclave. Pakistan, meanwhile, continues to report that Indian infiltrators, operating in East Pakistan with the Bengali secessionists, are being killed or captured by Pakistani troops.

Indian support for the East Pakistanis is continuing. [redacted] the Indian Army has set up three camps to train Bangla Desh volunteers in guerrilla warfare. The Indians are also said to be supplying the rebels with mortars, small rockets, and anti-tank guns, in addition to small arms. Nevertheless, the present situation of the Bangla Desh forces is increasingly grim. The Pakistani Army has continued to move more or less at will through East Pakistan and has now secured most all major towns and cities, although it has yet to secure the lines of communication between them.

The influx of refugees from East Pakistan continues to pose major problems for Indian officials. Well over half a million people are reported to have arrived already and the number jumps daily. Indian officials, recognizing that their resources are inadequate to cope with the problems of disease, food, and shelter, are turning to international agencies and other governments for assistance. [redacted]

25X1

25X1

SECRET

SECRET

Pakistan: *Foreign Exchange Crisis Deepens*

Islamabad is attempting to check a deteriorating balance-of-payments situation by delaying debt repayment and by cutting back imports. [redacted] foreign exchange reserves, which reached \$346 million in February 1970, have fallen to \$130-140 million, an amount equivalent to only two months' imports by West Pakistan alone.

The government has informed major Western creditors that it will declare a six-month "moratorium" on debt repayment next week. Such an action is tantamount to default, although Islamabad strongly objects to the word. The moratorium will apply to Pakistan's debt to major Western aid donors. Smaller repayments on credits from Communist nations and private sources apparently will not be affected.

It is not clear if this decision was made in despair of obtaining new aid or debt relief in the Western world or in the hope of pressing creditors to provide help. Western nations may still not be very responsive, however, inasmuch as West Paki-

stan's conduct in recent weeks has not enhanced its international image. The UK, in fact, has proposed that Western creditors jointly deplore the unilateral Pakistani moratorium.

The government has also moved to reduce the foreign-exchange drain by banning imports of consumer goods manufactures and by increasing restrictions on many other foreign purchases. The revised import policy amounts to a partial devaluation of the rupee.

The internal economic picture also continues to darken. The US Embassy estimates that industrial output in the year ending in June will show a decline of 8 to 13 percent because of lost production in East Pakistan and cutbacks in West Pakistan caused by lost trade with the East. Although small-scale unloading of foodgrains has resumed at Chittagong, disruptions to the East's transportation system make the food outlook there quite grim. [redacted]

IVORY COAST: President Houphouet-Boigny presided over a five-hour news conference this week, during which he strongly reaffirmed his plea for a black African dialogue with white-ruled South Africa. Over the short run, his call is not likely to result in many new converts to the small group of states currently sympathetic to the proposal. Houphouet said he was responding to recent public gestures by South African Prime Minister Vorster, who has indicated his willing-

ness to meet with black African leaders on the basis of full equality. Houphouet noted it would take considerable time and patience before any such talks would lead to diplomatic ties, however. The Ivorian President also warned that any effort to change South Africa's "revolting" apartheid policies by force were not only doomed to failure, but would lead to an endless cycle of wars and big-power intervention in Africa. [redacted]

SECRET

SECRET

Ceylon: *Government Prepares for Guerrilla War*

An anticipated major assault by dissidents this week on Colombo and other locations failed to materialize. The military now expects to wage protracted but eventually successful guerrilla warfare in the island's jungle areas.

There had been a number of reports of an insurgent buildup for a major effort on the night of 27-28 April. Evidently surmising that the government and even the general public were aware of the plan, however, the rebels carried out only scattered small attacks. The military, which now controls the towns and main roads, conducts occasional patrols but otherwise is not yet pursuing the insurgents.

Neither the moderates nor the leftists within the government seem to have made significant gains recently in their struggle for power. There are some indications that lower echelon leaders of the Trotskyite party, one of Mrs. Bandaranaike's allies, were involved in the insurgency. Mrs. Bandaranaike told the UK high commissioner on 25 April, however, that she wanted to hold her coalition together and therefore could not take issue with her leftist ministers.

Ceylonese officers estimate that the insurgents in these five areas number 4,500. The rebels at present do not appear to have a long-range plan and, according to foreign observers, many are discouraged.

On 24 April, Prime Minister Bandaranaike claimed publicly that over 3,000 persons had been taken into custody. She indirectly exonerated the US of backing the insurgents, as charged previously by some members of her government. Claiming that security forces are now ready to take the offensive, she appealed to the rebels to surrender between 1-4 May, promising they would receive "reasonable" treatment. Reports that numerous captives have been executed, however, will probably deter many insurgents from accepting her offer.

SECRET

SECRET

Egypt: *"The Guns Alone Will Not Speak"*

President Anwar Sadat continues to act like the man in charge in Cairo as the Middle East peace-seekers look for another way around the present impasse in the Jarring negotiations.

The past month has seen a slackening in reports of immediate military pressures on the President for another trial of arms with Israel. Sadat's assiduous consultations with his military chiefs and his earlier tours of military encampments appear to have paid off in a willingness to let him plumb the diplomatic channels he has established with the US while the de facto cease-fire continues. Some observers see this willingness as at least a partial consequence of Egyptian uneasiness over the expanded Soviet presence in their country and the inevitable chafing between Soviet and Egyptian military personnel.

In the political sphere, too, Sadat seems to have quieted his potential rivals and the backbiters among Nasir's former comrades-in-arms. *Al-Ahram* editor Haykal, who is publicly identified with Sadat's policies, has trimmed his sails on the subject of Egypt's military deficiencies,

muting critics in the Arab Socialist Union before they could become more than a temporary embarrassment to Sadat. Interior Minister Goma, whose domestic position could be used to challenge the President, is believed to have lined up with Sadat's chosen team. Ali Sabri, once a major rival, has dropped into the background.

For the general public, the much-appreciated absence of fighting has been accompanied by an upturn in tourist revenues and an economically promising oil strike in the western desert. Externally, the opposition of other Arab leaders has been reduced to occasional bursts of rhetoric, while Sadat's diplomatic offensive abroad has had the desired effect of calling into public question Israel's unyielding position on a territorial settlement.

Sadat thus has gained additional bargaining time beyond the end of the formal cease-fire, and so far military incidents have been virtually nil, except for occasional Israeli firing on Egyptian overflights.

25X1

♦ ♦ ♦

Jordan: *Fedayeen Exodus from Amman*

Cordon and search operations by security forces in Amman are continuing successfully into the third week. Faced by a government ultimatum to move or be moved, the fedayeen have been leaving the capital peacefully with the army moving in behind them to search for arms caches. The operation is expected to go on until the authorities are convinced that the city is free of armed commandos and that their major arms depots have been confiscated or placed under army control.

The scope of the movement is indicated by the numbers of men and the amount of equipment involved. Well over 1,000 fedayeen are estimated to have left Amman, taking with them more than 2,000 individual weapons—ranging from Kalashnikov automatic rifles to Katyusha rockets—as well as heavier weapons; some 130 twenty-ton trucks were needed to transport the men and armament. Perhaps an equal quantity of arms has been left behind, either in secret caches for future clandestine operations or in militia

SECRET

SECRET

depots under the guard of the army. Security searches have already uncovered some of the caches, many of them containing weapons in unusable condition as a result of improper storage. Other caches are expected to be uncovered by army patrols remaining in the areas and through information received from informers.

The fedayeen militia in the capital, once claimed to number as many as 25,000, are no

longer regarded by the authorities as a significant threat. They are poorly trained, part-time commandos, deprived of trained support and of the bulk of their weapons, and their organization is riddled with spies and suspicion. The fedayeen "regulars" elsewhere in Jordan, now reduced to no more than an estimated 3,000-4,000, are expected to suffer further defections as a result of the exodus from Amman.

25X1

Lebanon: *New Fedayeen Base of Action?*

As their movement disintegrates in Jordan, the fedayeen are likely to shift the center of their military activities to Lebanon in an effort to keep their movement alive.

With their position steadily deteriorating in Jordan as the army continues its drive to neutralize them, the commandos have begun moving into sections of southern Lebanon along the border with Israel. This gradual increase in manpower—the number of guerrillas in this area now approaches 4,000—has been accompanied by a step-up of infiltration attempts into Israeli territory. Perhaps benefiting from their experiences in Jordan, the three main fedayeen groups—the Palestine Liberation Organization, Fatah, and Saiqa—have formed a unified command in southern Lebanon under the leadership of Saiqa's military chief to deal with matters such as operations, logistics, and training.

Thus far, no major difficulties have occurred between the Lebanese Government and the guerrillas. Beirut remains committed to the Cairo Agreement of November 1969, which allows the fedayeen—within certain agreed-upon limits—to

raid into Israel and to conduct other activities on Lebanese territory. In the past, actual or threatened Israeli retaliatory strikes have forced the Lebanese Government to restrict fedayeen activities. Lately, however, such actions have for the most part received little publicity and have not embarrassed Beirut into taking any steps that could embroil it in an argument with either the commandos or Israel. The fedayeen, for their part, do not appear eager to provoke any confrontations with the government such as those that took place in 1969. They have maintained regular liaison with Lebanese security officials and have not sought any publicity for their recent actions.

In an effort to apply pressure on Israel in the presently deadlocked Middle Eastern peace talks, Egypt and Syria have again given vocal support to the fedayeen, urging them to continue their "war of liberation" against the Israelis. The commandos may therefore come to believe that Lebanon constitutes their final fallback area of operations, and that they must maintain it at all costs as a base for their anti-Israeli activities.

25X1

SECRET

25X6

Bahrain: *Is Independence Imminent?*

As the UK's withdrawal from the Persian Gulf becomes more imminent, Bahrain has apparently decided to go ahead with its plans for independence and for subsequently applying for membership in the UN.

A last-minute effort by neighbors to induce Bahrain to postpone independence may have some influence on the timing.

Although the British have been pushing for a federation of the seven Trucial States plus Qatar and Bahrain since London's decision in 1968 to leave the gulf, traditional differences between the states have made such a plan unworkable. In

1970, Iran cleared the way for Bahraini independence by relinquishing its residual claims to the island sheikhdom.

Recently, even the British have become reconciled to the fact that at best a federation of only the seven Trucial States is possible. They are continuing their efforts to form such a truncated grouping but, hampered by an unhelpful Iranian attitude, they have little chance of success. Apparently realizing this, the UK has already selected its nominee for the future British ambassador to the gulf states, and negotiations over relinquishing base rights are to start soon.

♦ ♦ ♦

SECRET

SECRET

UGANDA-SUDAN: Relations between the two countries are deteriorating. The military government that seized power in Uganda in January is fearful that the leftist regime in Khartoum might attempt to restore deposed president Obote. Ugandan officials claim that the Sudanese are providing training and other assistance to Obote supporters, and President Amin has charged that the Sudanese assisted the dissidents who clashed with Ugandan troops near the border on 18 April. No evidence was presented to support this allegation, but the Sudanese representative was never-

theless expelled. Rumors have circulated that other clashes have occurred, and some high Ugandan civil servants fear that their military might attack the Sudanese on their own.

The Sudanese have denied the Ugandan charges. [redacted] they have publicly protested only Amin's overt statements of support. [redacted]

25X1

25X1

WESTERN HEMISPHERE

May Day Is Breaking Out All Over

Latin Americans will celebrate International Labor Day more widely and effusively—and perhaps more violently—than in many years. Leaders of at least four important countries will make nationalistic addresses before mass rallies, and Fidel Castro may use the occasion for his first journey to a Latin American country in 12 years.

Chilean President Allende will address a large crowd in Santiago, and if speculation is confirmed, he will be joined on the dais by Castro. [redacted]

[redacted] an official Chilean communique denied that Castro "would make a surprise visit." Castro has not been abroad since 1964, and a trip now would come when he has economic troubles and probably is in need of an ego boost. He has a standing invitation from Allende and would be greeted by enthusiastic crowds in Chile.

Bolivian President Torres may announce the long-rumored nationalization of US mining interests on or before May Day. He is scheduled to speak in La Paz, and labor and student groups are planning a massive demonstration to force the President to announce "revolutionary" new actions. The Ministry of Interior, probably acting independently of Torres, is encouraging an "anti-

imperialist" May Day theme and reportedly is promoting violence against the US Embassy.

In Colombia, student unrest during the past few weeks is likely to continue despite the state of siege. The traditional May Day parade in Bogota reportedly has been canceled, but these government actions may prompt workers to join students in violent demonstrations.

Argentine President Lanusse will make "important announcements" in a May Day speech, according to press reports. He may abolish the death penalty and unveil other measures intended to win support for his plan to return Argentina to democratic rule within two or three years.

The Castro regime canceled the May Day holiday last year so that the sugar harvest would not be interrupted. This action may be repeated this year, but it is more likely that a leading government spokesman will address a Havana rally.

General Torrijos is rumored to be considering a nationalistic May Day speech somewhere in the provinces of Panama. Students and laborers in other countries will take part in parades and probably in demonstrations, and some may turn to violence. [redacted]

25X1

SECRET

SECRET

Haiti: President Duvalier Sets His Style

President Jean-Claude Duvalier's government continues to try to project the image of a vigorous, open, briskly businesslike, and solidly entrenched administration that breaks with the precedents of secrecy and suspicion characteristic of his father's rule. Neither discontent within the country nor indications of intervention from abroad have marred the picture so far.

In keeping with the new style of government, President Duvalier met with his cabinet on 25 April and asked cabinet members to give him ideas and projects involving their ministries to be incorporated into his first policy address to the National Assembly on 29 April. The following day, in another first, the grounds of the National Palace were opened to foreign journalists, who were favorably impressed with the young President's free and friendly response.

Whether this honeymoon is the prelude to an enduring marriage, or merely an interlude of uncertain duration, is difficult to predict. The new cabinet and the 13-member Council of Advisers include the most important political figures

in Haiti. Three individuals upon whom Francois Duvalier had depended rather heavily for the smooth unfolding of his succession plans—Minister of Interior and Defense Luckner Cambronne, Secretary of State for Foreign Affairs Adrien Raymond, and Chief of Staff of the Armed Forces Claude Raymond—appear to enjoy an edge, however. The President's sister, Marie-Denise Dominique, who held the reputedly influential post of private secretary to her father, holds the same job with her brother.

It is probable that a period of probing will ensue during which potential strong men will test their strength. Should a confrontation develop, the immediate victor is likely to be a member of the establishment. Violent conflict, although always possible, may be avoided because those in power realize that they might lose more by bloodshed than by settling their differences quickly and peacefully. So far, no one in the military, including General Raymond, appears to have the unified support of the military that would be required for success. [REDACTED]

25X1

GUYANA: A wildcat strike begun by workers of the Demerara Bauxite Company (DEMBA) at Linden on 20 April reflects considerable uneasiness by the workers of the Canadian-owned firm over their future prospects once the Guyanese Government implements its decision to nationalize the company. The main immediate grievances of the workers concern wage and pension issues, but they also lack confidence in the proposed government corporation that is to take over the firm on "vesting day," for which a date has not yet been set.

Prime Minister Linden Forbes Burnham has professed a lack of concern about the strike but

has attempted to pacify the workers by sending Minister of Labor Winslow Carrington and black militant leader Eusi Kwayana to talk with them. Although these efforts now appear to have been at least partly successful—a few workers had begun returning to their jobs by 26 April—the strike is bound to be politically embarrassing to the Burnham government. Burnham's chief domestic rival, Communist Cheddi Jagan, lost no time in capitalizing on the strike by addressing the workers at Linden on 21 April, reportedly receiving an enthusiastic reception. The strike is symptomatic of some of the deep-seated problems the government will face in its efforts to run DEMBA successfully. [REDACTED]

25X1

SECRET

SECRET

OAS Assembly: *A Polite Confrontation*

The first regular assembly of the OAS, although occupied for the most part with administrative matters, furnished another indication of the growing propensity of Latin Americans to view the OAS less as an organization of states of common interest than as a forum for highlighting the conflicting interests of the US and the Latin countries.

The keynote addresses of the ten-day conference, which ended on 23 April, reflected the increased concern with trade in the hemisphere. With the host, Costa Rican President Figueres, setting a tone of polite confrontation, many speakers scored US protectionism and emphasized trade problems.

Some difficulties arose even in dealing with perfunctory housekeeping chores. Chile voted against the over-all program budget, and Bolivia followed its lead in a protest over the existence of a security commission that the Chileans termed an "obsolete remnant" of the cold war.

Confrontation, polite or otherwise, is likely to become increasingly common. Chile has boasted publicly of its intention to create unrest in the OAS and to use the organization to form a

united front opposing those US policies the Latins find distasteful. Brazil's decision to assume a more active role in the hemisphere and not to leave the leadership on nationalistic issues to leftist regimes also promises to promote discord. In January, Brazil led an unprecedented OAS walkout when its hard-line views on terrorism were not adopted; during a meeting of an OAS subcommittee on trade in March, it spearheaded a vigorous attack on US tariff policies. The Brazilian foreign minister, moreover, did not attend the General Assembly last week in a show of displeasure with OAS performance to date.

Two issues that attracted considerable pre-convention publicity—the Colombian arms proposal and Cuba—created little stir. The polemics over the possible lifting of sanctions against Cuba were muted, at least temporarily, by Castro's ringing denunciation of the OAS and his public reaffirmation of support for revolutionary groups while the meeting was in progress. Colombia's proposal to limit arms expenditures was quickly diluted and remanded to committee. Given the firm opposition of states such as Brazil and Argentina, as well as Mexico's insistence that any accord be unanimous, an arms limitation agreement is highly unlikely.

25X1

◆ ◆ ◆

TRINIDAD AND TOBAGO: The Peoples National Movement (PNM) of Prime Minister Eric Williams appears to be in a good position at the outset of the campaigning for the 24 May general elections that were announced late last week. The brevity of the campaign period probably will work to the detriment of the only opposition group, the Action Committee of Dedicated Citizens/Democratic Labor Party coalition, which is poorly organized and has not yet completed its slate of candidates for the 36 legislative seats to be contested. Should the government decide to use voting machines, coalition leader Arthur Napoleon Raymond Robinson reportedly favors withdrawing from the election on grounds that

the government will easily be able to rig the results, but there evidently are no plans now for the coalition not to compete.

Principal electoral issues are likely to be the government's performance during and following last year's rioting by black militants, and the opposition's lack of unity and inexperience. Although 14 uninterrupted years in office have somewhat dimmed the luster of both Williams and the PNM, the government's superior organization and the prime minister's political skill should enable the PNM to emerge as the victor.

25X1

◆ ◆ ◆

SECRET

~~SECRET~~

25X1

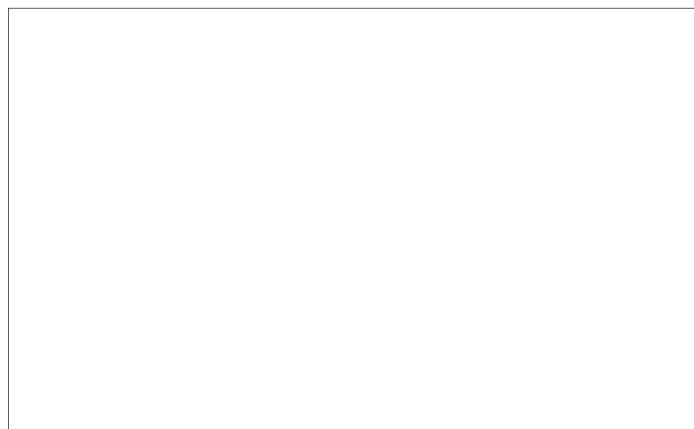


♦ ♦ ♦

Argentina: *President Lanusse and Juan Peron*

President Lanusse has no intention of handing over power to supporters of former dictator Juan Peron, but public speculation on this possibility is growing rapidly, and strong anti-Peron elements in the military are becoming alarmed.

Lanusse has expressed his willingness to discuss Argentina's political future with Peron and has deliberately fostered public speculation that barriers to the former dictator's return may be dropped.



25X1

25X1

SECRET

25X1

sentiment, he will be courting trouble from within the armed forces. Large segments of all three military services are opposed to a return to power either of the Peronists or the political hacks of the post-Peron era, and there is increasing concern that Lanusse is preparing to accommodate one or the other.

The President is aware of the risks involved but apparently is convinced that to bring political stability to Argentina the Peronists, who have been systematically excluded from political participation since 1955, must be brought into the system. To accomplish this, however, Lanusse will need time to execute plans. The interior minister apparently was trying to buy some of the needed time this week by dampening, but not dashing, Peronist hopes while reassuring the military. He reportedly told newsmen last Monday that "conditions for Juan Peron's return to Argentina are not yet at hand."

If Lanusse is forced to reverse himself publicly on the Peron question at this stage he will be faced with problems in maintaining political stability and public order. If, however, the President appears to be giving in to the strong Peronist

25X1

Chile: *Allende Maintains a Fast Pace*

The Allende government continues to come up with a wide variety of moves that divert attention from problems and give an image of accomplishment.

On 20 April Chile and Communist China signed a long-term trade agreement during the visit of a Chinese delegation led by the vice minister of foreign trade. Chile will ship copper, nitrate, and iodine in exchange for unspecified Chinese goods. In the past, the Chinese have bought small amounts of Chilean copper for cash, as well as larger amounts on the London Metals Exchange.

Another economic response to Chilean diplomatic recognition is the presence in Santiago of 34 East German specialists, led by a deputy minister, who will study scientific and technical

assistance projects. Chileans admire German technical expertise, and the recent West German decision not to extend new aid after Allende recognized the Pankow government offers the East Germans opportunities. A "very high level" Chilean trade and economic mission will leave soon on a three-month tour of the USSR and other Communist countries of Europe, according to an official announcement. In a recent press interview, President Allende said that Chile would be looking for advice in drawing up its first five-year plan, to be launched in 1972.

The Popular Unity (UP) government has shown that it values propaganda in its search for an expanded international role. Taking advantage of widespread foreign interest in the Chilean situation, more than 100 European intellectuals and journalists have been entertained in an

SECRET

SECRET

"Operation Truth" campaign to give them a firsthand look and to talk with Chileans from Allende down. Thirty visiting Colombian industrialists also were given the red carpet treatment. Allende reiterated to them his intention to accept an invitation soon to visit Bogota in a noticeable emphasis on close ties with a widely respected Latin American neighbor. Even his opponents have applauded Foreign Minister Almeyda's outspoken criticism of the OAS at the recent San Jose meeting, particularly because it attracted attention throughout the hemisphere.

Of special significance are the many plans for a visit by Fidel Castro to Chile, which is expected soon. Allende has been consistent in his praise for his old friend Castro as author of the first socialist revolution in Latin America, although he maintains that Chile and Cuba and the courses of their revolutions are very different.

UP efforts to manipulate the Chilean news media continue to be generally successful, although opposition elements are fighting for independence where they can. Some of the weapons being used by the administration—radio licensing, a price freeze on advertising rates, new government-subsidized publications—are proving effective, but public opinion sometimes tempers or postpones other measures.

Pressures of various kinds are also being used on US and other foreign companies that operate in Chile. Attention will soon focus more directly on the take-over of the large copper companies, as both houses of the Chilean Congress have settled on a common version of the constitutional amendment enabling the government to complete copper nationalization. The bill will not become law for two months, however.

Some of the UP's populist measures, which the coalition boasts have already resulted in a major redistribution of income, have caused a boom of sorts in the consumer goods sector. In an attempt to offset the shortages that may soon result, the government has ordered consumer goods manufacturers to operate at full capacity regardless of the existing profit squeeze. Demand for capital goods and construction materials continues to be very low, and private investment has virtually come to a standstill. On 18 April plans were announced for the creation of an extensive steel and metallurgical industrial group to be headed by the government-owned steel company. The government said that the project will involve about \$300 million in investment and that the bulk of it has already been financed, partially through an \$180-million credit from Japan and "a European financial pool."

25X1

PERU: The government may gain some needed business support by its removal of the leftist minister of industries, Rear Admiral Jorge Dellepiane, in a partial cabinet reorganization. The administration has been trying to reassure hesitant domestic and foreign investors; Dellepiane's replacement, expected for months, may indicate a willingness by the regime to modify its controversial requirements on the eventual participation of labor in the ownership and management of industry.

The new minister of industries is Rear Admiral Alberto Jimenez, a competent engineer who has had lengthy US training and appears to be pro-US. The ministries of education and public health are now headed by highly regarded military officers Gen. Alfredo Carpio and Gen. Fernando Miro Quesada, respectively. These cabinet shifts come less than a month after the naming of an apparently more moderate minister of agriculture, Gen. Enrique Valdez. Despite these changes, there is no indication that the government is considering a complete reorientation in its basic policies.

25X1

SECRET

SECRET

Cuba: *Castro's Solzhenitsyn?*

The arrest of a well-known Cuban poet, Heberto Padilla, and the publication on 27 April of his "self-criticism" is a sharp warning to Cuban intellectuals that they must toe the revolutionary line. Padilla was arrested, reportedly on Fidel Castro's orders, on 20 March after a foreign press correspondent with whom he was in contact had been picked up by security officers and interrogated regarding an alleged attempt to smuggle manuscripts out of Cuba for publication in Europe. The Padilla affair reflects Castro's increased and apparently acute sensitivity to criticism—much of it well founded—directed at his regime and at himself personally. It is also a further indication of the regime's willingness to adopt measures aimed at stifling any evidence of dissidence and at halting what seems to be a trend toward decreasing revolutionary fervor in an important element of the population.

The regime probably chose Padilla rather than a more prominent literary figure to be the scapegoat for much of the intellectual community because Padilla's revolutionary credentials were already tarnished. Several years ago he was vilified for publishing a collection of works that were found to be lacking in "revolutionary content." The regime probably calculated that his arrest would appear less of a case of "martyrdom" than if an intellectual of unquestioned loyalty were prosecuted. Nevertheless, it seems clear that the repercussions of the affair will extend far beyond the Padilla case.

With Padilla's arrest, Castro may have started a process of action and counteraction that could cause him serious trouble. A good many important Latin American intellectuals—some of whom have cooperated closely with Cuban cultural organizations—have already openly protested Padilla's persecution to Castro, and intellectuals in Cuba are likely to assume the same hostile attitude despite the sacrifices they may have to make.

SECRET

25X1

25X1

25X1

Page Denied

Secret

Secret